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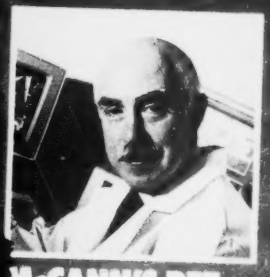

McCANN'S BET
McCann-Erickson is putting a lot on the line with its investment in Media Lab.

DON'T MESS WITH THIS GUY

Dave Braun controls almost $1 billion in his new planning and buying unit at Kraft General Foods. And you better believe change is on the way.

BRAND REPORT: COLOR COSMETICS

EDIT INDEX '89

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MARKETING & MEDIA DECISIONS

COVER STORY

KGF AND POST-MERGER MEDIA 20

Politics, power and hundreds of millions of dollars. They all played a part in the merger of Kraft and General Foods' media operations. And for the eight agencies of record, the drama continues. Part of the new structure calls for a grading system for all media plans. The top prize: possible agency-of-record buying assignments. In an exclusive interview, *Decisions* talks with the architects of the new unit and presents a close-up examination of post-merger media.

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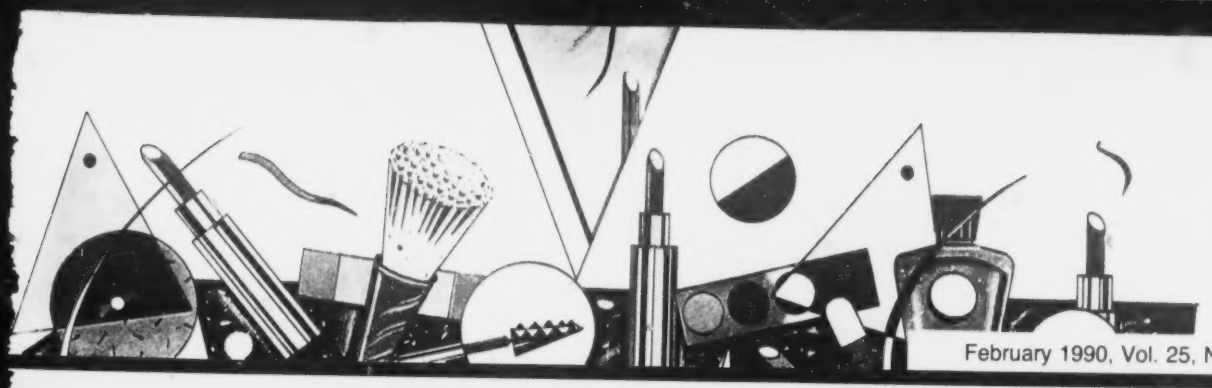

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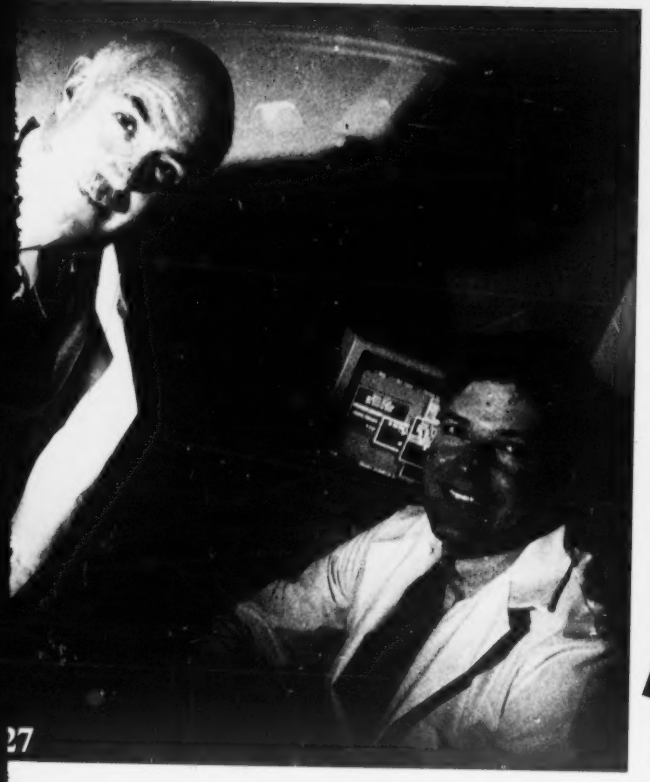
Cover photograph by Wayne Sorce



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The American automotive industry provides a perfect example of the danger in following, rather than leading, the market.

AS THEY SEE IT

MEDIOLOGY *Ed Papazian* 49

Media planners who are pressing magazine publishers for discounts should beware the backlash. They should reward better rates with an increase in business.

TELEVISION *Dan Woodbury* 49

Conventional wisdom holds that local tv doesn't belong in summer media plans. But that maxim overlooks opportunities for increased media efficiency.

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Nielsen estimates that remote tuners are now in 70% of homes, making it easier to flip and avoid commercials. But the number could be exaggerated since many sets are tuned through VCRs.

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AS THEY SEE IT

MEDIOLOGY

Ed Papazian

MAGAZINE BUYING: LET'S BE FAIR ABOUT IT

The zeal among media planners as agencies rush to negotiate lower magazine rates has become quite evident. Glee may be the proper word.

For the first time in years, agency people say that magazine buying is interesting again. "Now we can be heroes in print as well as tv," say media directors as they contemplate new ways to press magazines into better off-card rates, as well as innovative value-added proposals.

All well and good, but both seller and buyer should feel that they are gaining something by the process, and the question of fairness is coming up more and more with magazine ad directors and publishers. Many feel that they're being had, that negotiating off-card is, at best, a defensive strategy.

The value-added area is also a cause for complaint among publishers who make numerous proposals, only to see most of them ignored. One publisher says that less than 5% of his value-added ideas are followed up on, which is hardly encouraging considering the time and effort it takes to develop these offerings.

Both sides are just beginning to think out their strategies for coping with this situation. Like Young & Rubicam, large agencies will set up specialist buying groups to negotiate with the magazines, possibly seeking agency-of-record assignments (and added fees) from clients if they display superior expertise in rate and value-added dealings.

Magazines are responding with better sales approaches. Multi-title publishers will create firmer packages with forced pairings of books, rather than allowing buyers to cherry pick titles before negotiating. Salesforces will be restructured to confront buyers with a single selling team. Instead of six people calling on an agency — each assigned by account — only one person will handle the agency for all clients (*People* magazine has already moved in this direction).

The critical issue will be fairness. If rate cutting/value added can be demonstrated to improve magazine ad revenues in a meaningful way, it will be worth all the pain and anxiety it is now causing. If, however, the agencies exploit the fact that most magazines were unprepared for negotiated rates and value added, using their edge merely as a short sighted tactic to make a "better buy," a backlash may develop. If publishers see that rate cutting is not a boon to their business, but rather a way to limit print spending (or fund tv rate increases), they will have little incentive for playing this game.

The jury is still out on this issue, and the participants have time to shape the process into a system where everybody wins. To do this, a sense of balance and fairness is required.

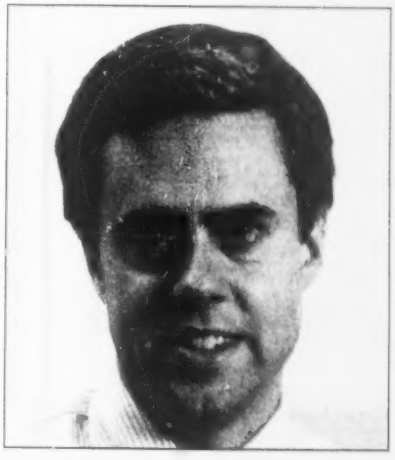
"Make me a better price (or value-added deal) and you get more revenue" is the kind of negotiating stance that publishers would like the agencies to adopt. Instead, what they are hearing is "cut your price or you get nothing." If the latter position continues, the obvious retort will be "no deal," and everything moves back to square one, with no one ahead and lots of bruised egos. ■

The opinions expressed in the "As They See It" section are personal observations by practicing professionals. They are not those of the magazine.

TELEVISION

Dan Woodbury

Vice president, media director, Martin Williams Advertising, Minneapolis



SUMMERTIME TV

In a recent meeting, a client asked, "Why are you recommending the use of local market television during the summer? Doesn't viewing decline because everybody is busy?"

It is a popular belief among advertisers and even among some media planners that television should not be used during the summer months. Although viewing patterns do change and some dayparts experience viewing declines, summer television can be an ef-

TABLE 1

Market: Chicago
Demo: Adults 25-54

	Average ADI Daypart Rating (Top 4 Stations)					
	May 88	July 88	Nov. 88	Feb. 89	Average	July Index
Daytime	2.0	2.3	2.5	2.5	2.3	100
Early Fringe	2.3	2.8	3.0	2.8	2.7	104
Early News	3.3	4.3	4.0	4.5	4.0	108
Prime Access	4.3	4.8	7.0	7.3	4.9	81
Prime	8.0	5.6	8.8	9.0	7.9	73
Late News	9.5	7.8	9.0	8.3	8.7	90
Late Fringe	4.8	4.5	4.8	4.0	4.5	100

Market: Los Angeles
Demo: Adults 25-54

	Average ADI Daypart Rating (Top 4 Stations)					
	May 88	July 88	Nov. 88	Feb. 89	Average	July Index
Daytime	1.8	1.5	1.8	1.5	1.7	88
Early Fringe	2.5	2.5	2.8	2.8	2.7	93
Early News	3.3	3.3	4.0	3.8	3.6	92
Prime Access	4.9	4.5	5.5	5.4	5.1	88
Prime	7.3	5.3	6.8	7.8	6.8	78
Late News	5.3	4.3	4.8	5.0	4.9	88
Late Fringe	2.3	1.8	2.0	2.0	2.0	90

Source: Arbitron

TABLE 2

Market: Chicago
Demo: Adults 25-54

Daypart	July Viewing Index*	July Pricing Index**
Daytime	100	56
Early Fringe	104	75
Early News	108	83
Prime Access	73	92
Prime	90	90
Late News	100	80
Late Fringe	81	82

Market: Los Angeles
Demo: Adults 25-54

Daypart	July Viewing Index*	July Pricing Index**
Daytime	88	66
Early Fringe	93	94
Early News	92	98
Prime Access	88	104
Prime	78	85
Late News	88	88
Late Fringe	90	81

*Source: Arbitron
**Source: Donovan Data Services (index calculated against 4 quarterly cost-per-point averages)

ficient media buy.

To start, let's look at the facts. How much does viewing actually decline in the summer when compared to other quarters? Table 1 shows the quarterly television viewing patterns of Chicago and Los Angeles for a demo of adults 25-54. The first thing to notice is that the summer months affect each market differently. In Chicago, summer viewing in four of the seven dayparts actually holds or increases, with indices at 100 or higher compared to the quarterly average. Prime access and prime take the largest viewing declines, while late news viewing holds reasonably well at an index of 90. In Los Angeles, viewing declines in every daypart, but six of the seven dayparts drop only to an index of 88 or above.

The point in both cases is that large audiences are still viewing television. If these audiences can be purchased at a favorable price, the use of summer television can be an efficient media strategy.

To explore this idea further, Table 2 examines quarterly cost-per-point price fluctuations by daypart in both markets. As suspected, there *are* dayparts which offer efficiencies, despite audience declines.

Once again, there are differences between the two markets. In Chicago, summer pricing declines exceed viewing declines in four of the seven dayparts, creating a cost-efficient situation. Two other dayparts have pricing declines that match viewing declines. Only prime access becomes relatively inefficient in the summer.

In Los Angeles, two of seven dayparts have larger price declines than viewing declines, while two others have about equal declines. Daytime, early fringe, late news and late fringe are comparatively cost efficient in both markets. This creates an opportunity to change a media plan's summer daypart mix to match viewing patterns while maintaining or even increasing cost efficiency.

These numbers are not projectable to every market, but they do indicate that creative planning can identify opportunities for increased media efficiency in local market television during the summer.

In addition to an altered daypart mix, there are a few other tactics which can maximize the efficiency and impact of summer television:

- **Movies:** Even though prime-time viewing declines because of re-runs, summer movies usually do well. An astute buyer can seek out reliable movie titles (found often on independent stations) that can deliver a solid prime number.
- **Hour-by-hour scheduling:** In the summer, the later hour of prime (10-11 P.M. EST) generally performs more consistently than the earlier hours. If using prime, an emphasis in the later hour can yield more reliable results.
- **Special events:** Even though fresh prime programing can be scarce, special events (award shows, entertainment specials, news specials) are original programing which can deliver a decent prime audience.
- **Sports:** Depending on the demo, sports can sometimes substitute for prime points in delivery.
- **Select prime programing:** Weekly programs, such as *20/20* and some Fox programs, have new segments during the summer.
- **Repeat programing:** Some types of programing repeat well (comedy)

and some do not (episode drama). When buying summer prime, purchase types of programing which are more likely to repeat well and look to purchase counter programing to those which do not repeat well.

• **Cable tv:** In general, summer cable viewing declines less than network, probably due to more fresh programing options. Increasing cable's portion of the overall buy for the summer can help to minimize audience losses.

• **Sweeps scheduling:** Much of the summer prime programing is not "fresh." The July sweeps period, however, usually offers a higher concentration of original programing because of the networks' desire to boost sweeps ratings.

Whatever the strategy or tactic, let's not abandon summer television for the wrong reasons. Obviously, media such as radio and outdoor are strong summer performers. But television can still be a solid mainstay of any summer period media plan. ■

RESEARCH

Alice K. Sylvester

Vice president, senior associate media research director, J. Walter Thompson, Chicago

CONTROLLING REMOTE

Nearly 23 million new television sets were sold in 1988, an all-time record. And 13 million VCRs were sold, too, just 300,000 shy of 1987's record-setting level. How many of the tv sets do you suppose came equipped with remote tuners? Nearly all of them.

That's why we shouldn't be surprised by the enormous increase in remote-tuning penetration that Nielsen has been showing for years. The number of homes with remote tuners has grown in huge chunks — we've added 30% and sometimes 40% more homes each year to the remote universe.

Only four short years ago, fewer than 30% of homes had remotes. In 1989, 70% of homes had remote tuning capability.

To me, dramatic increases in remote-control penetration spell dramatic increases in flipping and commercial avoidance — 70% remote penetration is enough to represent the critical mass for changed tuning behavior.

But in researching the growth of remote tuners, we found that Nielsen includes any remote device — whether it's attached to the VCR, the cable box or the set itself — in the penetration estimate. This is a good approach only if all VCR homes tune their television sets through the VCR. In some cases, reception can be clearer when tuning the set through the VCR because many VCR tuners are of higher quality than the set to which they are attached.

To learn more about the sources of remote growth, J. Walter Thompson asked Nielsen to do a special analysis of homes in their sample which changed status from a "non-remote" home to a "remote" home.

In our study, JWT found that VCR purchases now accounts for half of all changes in remote status. In previous years, the purchase of new television sets and the acquisition of cable were the driving forces behind increases in remote penetration.

Many VCRs probably shouldn't be included in the remote estimate because, while they have the capacity to provide remote tuning, many are not used for that. Remote-tuning penetration would be a full 10 percentage points lower if VCRs were removed from the estimate! That is important to keep in mind.

Interestingly, we also found that the number of homes that do not change remote-control status is increasing each year — in 1988, 88% of their sample did not change equipment status. This fact certainly indicates a slowing of household-based remote penetration and may also suggest that we're reaching a ceiling or saturation level.

Getting an exact remote estimate and learning as much as we can about remote growth is important because remotes have the potential to significantly alter household viewing patterns.

Remotes don't change viewing patterns. They just accentuate them.

Although we haven't seen a good (meter-based) "zapping" study for years, we know that homes with remote-control devices flip channels significantly more often than non-remote homes. Studies by Nielsen and IRI in 1984 showed that remote homes change channels a lot — during commercials and even during programs.

Our going-in assumption was that remote-control devices have a profound impact on viewing patterns. In that respect, we were right: Flipping levels increase by approximately 75% when homes acquire a remote tuner.

But what surprised us the most was the general level of in-program and break-time switching that occurred before they had remote devices. This fact suggests that remotes don't alter existing patterns; they merely accentuate them!

That's good news . . . maybe. What we learned was that remotes don't really cause anyone to view television differently. Household tuning patterns don't seem to change when people get new sets, new VCRs or cable television. That is, they don't change in the short-term.

This limited study will be revisited and expanded to give us better longitudinal measures of the changing face of television viewing dynamics. The new generation of electronic-age viewers will certainly bring us their own unique dynamics. ■

BRAND REPORT

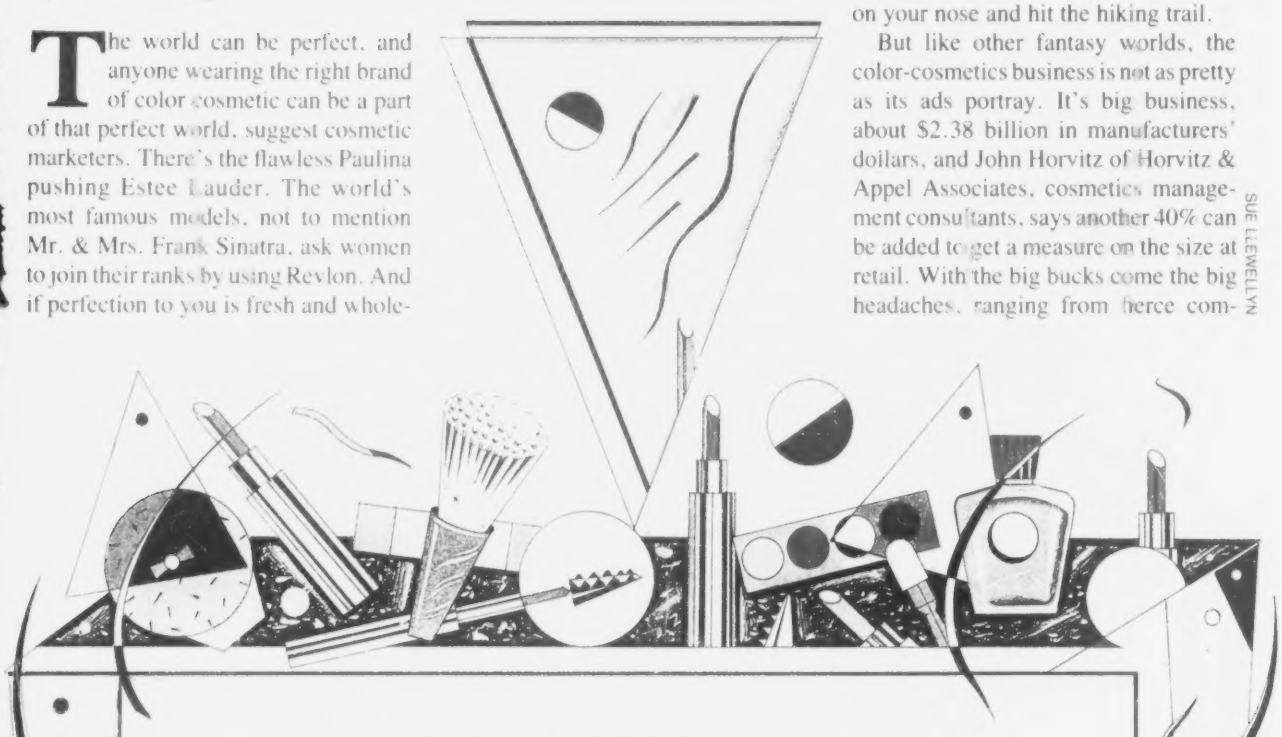
No. 168: Color Cosmetics

BEAUTIFUL SCHEMERS

by Brian Bagot

The world can be perfect, and anyone wearing the right brand of color cosmetic can be a part of that perfect world, suggest cosmetic marketers. There's the flawless Paulina pushing Estee Lauder. The world's most famous models, not to mention Mr. & Mrs. Frank Sinatra, ask women to join their ranks by using Revlon. And if perfection to you is fresh and wholesome, then just dab a bit of Cover Girl on your nose and hit the hiking trail.

But like other fantasy worlds, the color-cosmetics business is not as pretty as its ads portray. It's big business, about $2.38 billion in manufacturers' dollars, and John Horvitz of Horvitz & Appel Associates, cosmetics management consultants, says another 40% can be added to get a measure on the size at retail. With the big bucks come the big headaches, ranging from fierce com-



SUE LLEWELLYN

COLOR COSMETICS EXPENDITURES (000)

October 1, 1988 – September 30, 1989

	Media Total	BAR Network Television	BAR Spot Television	BAR Cable Television	BAR Syndicated Television	BAR Network Radio	LNA Magazines	LNA Sunday Magazines
Cover Girl	33,664.9	16,045.6	360.9	378.8	668.4	—	16,210.7	—
Maybelline	30,964.0	10,622.4	103.1	3,575.0	1,032.0	1,503.5	14,128.0	—
Revlon*	15,229.9	6,075.1	64.6	441.9	827.0	—	7,347.9	473.4
Estée Lauder	5,910.8	—	1,723.3	—	—	—	3,883.9	303.6
Clinique	3,133.1	—	—	—	—	—	2,948.7	184.4
Lancome	5,096.3	—	—	—	—	—	4,603.1	493.2

Sources: Arbitron's Broadcast Advertisers Report (BAR); Leading National Advertisers (LNA); Media Records (MR)
No spot radio investments reported
**Revlon brand only. No Avon media expenditures reported by LNA*

petition to the marriage and break-up of major players.

Pharmaceutical giant Schering-Plough, for example, has followed the lead of other drug companies by selling off its slow-growth assets, including putting its Maybelline division on the block this past December. Talk in the market has Unilever pegged as the most likely buyer. Unilever has been on a cosmetics shopping spree since July, when it acquired two European cosmetics companies from Schering-Plough, as well as Faberge Inc., the maker of Calvin Klein cosmetics.

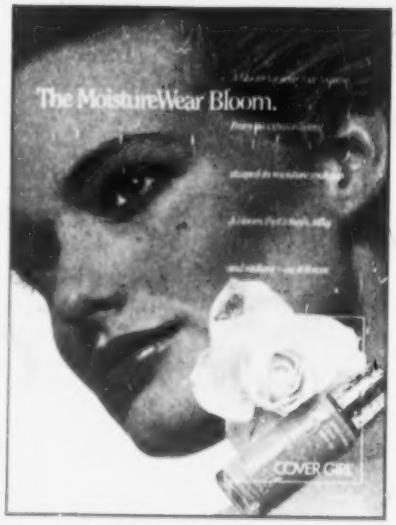
Several other possible Maybelline suitors include the Shiseido Co. and the Kao Corp. of Japan. A management buyout is also possible.

In another shift with major potential impact, the mass-market cosmetics industry changed its look in September when Procter & Gamble acquired Noxell, maker of Cover Girl, for $1.3 billion in stock. Grey then replaced Cover Girl agency Lintas.

Analysts are hedging their bets on what effect these moves will have on the overall cosmetics business, but with the possibility of two mega-advertisers holding the number one and two positions in the mass-market color cosmetics segment, competition is likely to get hotter, with ad and promotion dollars fueling the flames. Andrew Shore, personal-care analyst at Shearson Lehman, says, "Procter is going to change the tone of the market now that it owns Noxell, which means it will put more money in there. Who knows what the new owner will do with Maybelline. Both will probably put more money into them, and we'll see more products and more promotion."

On the surface, total ad spending of the leading nine color-cosmetics brands, including Elizabeth Arden and Revlon's Max Factor and Ultima II, fell 21.5% in the 12 months ended September 30, 1989, to $157 million from $200 million the year before, according to Leading National Advertisers (LNA). But some attribute this drop to advertisers who switched to other unmeasured media in search of relief from clutter.

As one ad executive who requested anonymity says, "We had things like the Whittle stuff, a lot of things were going on in the promotional world, plus



Cover Girl is positioned at the upper end of the mass market.

point-of-purchase radio. Much is being done in the cosmetics category in new media."

Point-of-purchase is gaining favor, says one industry observer, especially with color being an impulse buy. "You try to get as close as you possibly can to the moment when she makes that impulsive move. That's why something like point-of-purchase radio is important to the media plans of these brands," he says.

Other POP displays take advantage of the moment, such as shelf cards and Clinique and Clarion's "computers" that help women decide what shade best suits them.

The color-cosmetics business is split into department-store brands, led by Estee Lauder, Clinique and Lancome, with 23%, 22% and 15% of that market, respectively, and mass-market brands, which have the larger share of the color cosmetics' dollar volume and the big ad spenders.

With the possibility of two mega-advertisers in cosmetics, competition could get hot as ad dollars fuel the flames.

The mass-market group is headed by Cover Girl with 21.2% of that market, followed by Maybelline with 19.6% and Revlon basic with about 15%. But Revlon with its Max Factor and Almay brands is able to control about 23% of the mass market. Avon is also up there in the mass market with about 10% share.

The mass-market color cosmetics business is about $1.37 billion, about 68% of the total, while department stores have a $650 million business, according Horvitz. Natalia Holynskyj, a consultant in the consumer group of Kline & Co., breaks out product share with eye makeup at 43%, lipsticks and glosses at 26%, bases at 17%, blushers at 9% and face powder at 5%.

Promotion's share of marketing dollars is heavy, particularly at the department-store level. Jack Salzman, a cosmetics industry analyst with Goldman, Sachs, says about 25%-30% of the cosmetics sales in department stores are generated through promotions, while the mass market sees only 10%-15% of its sales come from promotional campaigns.

While the department-store brands lean on promotions to get sales, the mass brands rely heavily on advertising, particularly magazines. There, the three leaders spent a combined $37.7 million in the 12 months ended September 30, 1989, in just about every women's service and fashion book on the shelf, as well as teen titles. Network tv spending totaled $32.7 million during the period, according to LNA.

Though spending levels are smaller, department-store brands also turn to magazines in a big way. The three leading department-store brands totaled $14 million in the nine media in the same period, as tracked by LNA, with $11.4 million invested in magazines. Only Estee Lauder used tv, with $1.7 million in spot.

Though tv is still an important medium, these brands want to show color and fashion, and 30 seconds just can't do it like print. Plus, as Horvitz explains, "The editorial environment is really right for these products. It helps build the image." In the case of Revlon,

that image is fashion with its unforgettable women campaign. Lancome plays on its European heritage. Clinique plays up its hypoallergenic theme, while others such as Cover Girl have added skin moisturizers.

Given the current unsettled state of the market, few of the companies would comment on their media buying and marketing strategies, but one industry trade publication editor describes a "me too" guiding philosophy. "The media buyers will tell you that everybody likes to go where their competition is, so they meet head-on at every stage. If Revlon is looking at a buy in *Glamour* and Maybelline just bought a big spread, Revlon is going to buy," he says. "They don't look to stand totally apart from their competition."

Also, at the department-store level, there is a bit of a crunch going on, with analyst reports telling producers to stay away from retailers who are in trouble, such as Campeau Corp. But Horvitz doesn't think what's happening at retail is going to change the marketing philosophies of the department-store brands. "For every Altman's or Saks-owitz or Bonwit Teller going out of business or in trouble, there's a new Nordstrom, Saks Fifth Avenue or May Co. branch ready to come in and pick up the slack," he says.

Following is how the leaders, based on market-share estimates in the color-cosmetics business, are attracting and holding buyers.

Cover Girl

The leader in the color-cosmetics industry with an estimated 21.2% of the mass market, Cover Girl is also the biggest media spender, with a nine-media total of $33.7 million. Television and magazine spending are split at about $16.2 million each, according to LNA.

Cover Girl is positioned at the upper end of the mass market. With its ads featuring cover girls such as Christie Brinkley in magazines as diverse as *Brides*, *Cosmopolitan*, *Working Woman*, *Seventeen* and *Good Housekeeping*, the brand portrays the same clean, fresh and natural look that was developed by Lintas almost 30 years ago. The primary target is women 18-24. Network tv flights ran on daytime soaps and game shows.

While that look continues, Lintas recently saw its relationship with the brand come to an end. New parent Procter & Gamble reassigned the account to Grey last November, apparently due to conflict concerns. Lintas also handles P&G's arch rival, Unilever. No one from Lintas, Grey or Cover Girl would comment on the change.

According to Arbitron's Broadcast Advertisers Reports, the brand was not active on network tv under P&G during the 12 months ended September 30, 1989.

In an effort to get a bigger share of the mass arena, Noxell introduced its Clarion line of cosmetics, which targets women who may be growing out of the Cover Girl demo, in September 1986. The Clarion brand is positioned as a hypoallergenic product like Clinique and is looking to tap into that market, but not on the department-store level. Current Clarion share is 2.3%.

Maybelline tries to recapture the post-teenage consumer.

Maybelline

Maybelline, Cover Girl's strongest competitor with about 19.6% of the mass market, was recently put on the block by parent Schering-Plough Corp. as the drug maker divests of its slow-growth interests. Due to that development, the company declined to be interviewed for this story.

Although the brand lost the number-one spot to Cover Girl in 1980, they're now neck-and-neck, thanks in part to the Shine Free line. Introduced seven years ago as an oil-free product, it really caught on with the 14-21 target. "Maybelline has been real successful because they've gone after the teen market with trendy, faddy products," says Diane Mustain, cosmetics and personal-care analyst with Duff & Phelps. "There are a lot of disposable dollars there, and these girls want the latest new silver or pink lipsticks."

Maybelline has also added conditioners like Keratin to some products. Nipping at the heels of Cover Girl's Clarion, its mascara products have been repositioned as safe for sensitive eyes after retesting. In addition, higher-end products such as Illegal Lengths Mascara have been introduced to keep the post-teenage consumers coming back.

Targeting its core group of 18-44-year-old women, the brand spent close to $31 million in advertising last year, according to LNA, with $10.6 million going to network tv and $14.1 million in magazines that emphasize the theme "Smart. Beautiful. Maybelline" from DDB Needham Worldwide/Chicago.

Print titles included *Cosmopolitan*, *Good Housekeeping* and *Working Woman*, as well as *Seventeen*. Network tv ads ran on the soaps, *Perfect Strangers*, *227* and *Golden Girls*, according to Arbitron's Broadcast Advertisers Reports.

Revlon

Unlike the other leading brands, Revlon is the only one to be positioned in both the mass market and popularly priced department stores. As a result, it's primarily-print ad campaign, from house agency Revlon Creative Workshop, serves as an umbrella for the brand.

Although the print theme, "The most unforgettable women in the world wear Revlon," points upscale, Bonita Austin, an analyst with Wertheim Schroder, thinks, "What they're basically doing is advertising the department-store brand, but it falls out to the other brands."

The brand also has one-time print runs of celebrities (including Brooke Shields, Oprah Winfrey and Frank and Barbara Sinatra) in its efforts to stretch the umbrella a little further. Some think, however, the strategy has been stretched too far.

Goldman, Sachs' Salzman says, "I

Revlon's unforgettable women campaign serves as an umbrella for both mass and department store lines.

haven't the foggiest idea as to what they're doing. They're throwing a lot of money into advertising, but I don't think they're creating a unique image or focal point to the advertising," he says. "They have all these women, some of them stars, some of them models, and it's sort of like, 'Here they are — pick one you like.' I think they're so eclectic that they're missing the whole focus of creating an image for Revlon."

Still, by emphasizing the glamorous and sophisticated, Revlon is able to target the older (over 25) mass market buyer and avoid the battle between Cover Girl and Maybelline. Revlon has about 14% of the mass market and its department-store share is estimated to be under 10%.

The brand spent $15.2 million in the 12 months ended September 30, with the bulk going to its two-page "unforgettable women" spread in fashion and women's service books at a cost of $7.4 million, according to LNA. Titles include *Elle*, *Glamour*, *Harper's Bazaar*, *Rolling Stone* and *Seventeen*. Network tv flights include the soaps, *Growing Pains*, *Miss America Pageant* and *Today Show*, totaling $6.1 million for the period, according to BAR.

Avon

Avon's calling is direct sales, which is reflected in the fact that there are no color-cosmetics advertising dollars reported by LNA.

While some analysts say the Avon Lady is over the hill, she still rings up $200 million in color-cosmetics business, giving it about 10% of the mass market segment, according to Horvitz.

Recognizing that the times are changing, Avon restaged its color-cosmetics line with upscaled packaging and increased its representative count, but Diane Mustain at Duff & Phelps reports that the average order size is down, so this is kind of a mixed bag.

The brand has tried to upscale in the past without success and is now trying to build on its current customer base by offering more color cosmetics, as well as branching out into sundry items like videocassettes, children's toys and lingerie. The move is based on the idea that once a rep has a customer, she can sell her a wide range of products.

Avon's primary target is middle-income women from blue-collar families, although it has expanded into the white-collar stream as it relies on reps who are office workers to sell at the workplace. The company says about 25% of its business is through this segment, but several analysts think that estimate is on the high side.

The only thing that really distinguishes Avon from the other mass brands is its salesforce, notes Mustain. "It's not like their product is something new and unique. They often copy what other companies have already done, and the company is not seen as an innovator."

Currently operating under takeover rumors, the company declines to comment about any aspect of its business.

Estee Lauder

The leader in department stores with about 23% of that market, Estee Lauder is going through some changes. Recognized as an upscale brand for older women, Lauder has contemporized the line by adding new colors, dropping Ford model Willow Bay and signing on super model Paulina Porizkova for its latest campaign from AC&R in New York.

Packaging is key, with fluted gold-metal lipstick tubes and gold flecked,

Estee Lauder is counting on super model Paulina and agency AC&R to help the brand develop a youthful image.

glossy-blue compacts in its Signature line all maintaining the upscale image. The target is the career-oriented and sophisticated department-store customer. Lauder is entering the '90s by "marrying aesthetics to technology," which they say allows cosmetics to be "your most powerful accessory."

Advertising, which cost the brand about $6 million in the 12 months ended September 30, 1989, is heavily concentrated in the tonier magazines, such as *Connoisseur*, *New York*, *Vanity Fair* and *Town & Country*.

Despite these high-end placements, promotions still play a major role in attracting consumers to the brand. Some of these include gifts with purchase, purchase with purchase, sampling and demonstrations. No network tv was used during the period, but in a tactic that sets it apart from its competitors, $1.7 million was spent in spot tv.

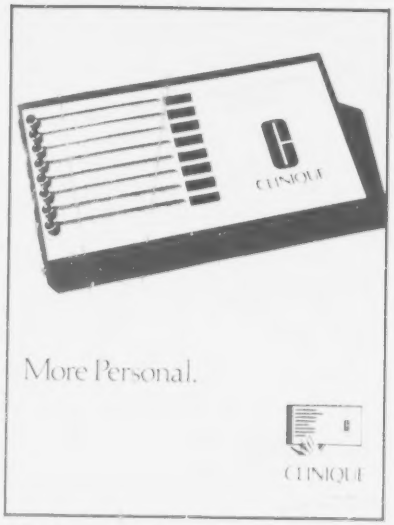
Clinique

Number two in the department-store segment with 22% of that market, Clinique, an Estee Lauder brand, targets all levels of make-up wearers with hypoallergenic products and good prices, say observers. Its least expensive liquid make-up has a suggested retail price of $17.50, compared with Chanel, which has a $40 price tag.

Like other department-store brands, promotions such as buy-one-get-one, buy-one-get-something else and gift with purchase are used heavily and can generate up to 25%-30% of a brand's sales, according to Jack Salzman at Goldman, Sachs.

Advertising from AC&R totaled $3.1 million during the 12 months ended September 30, 1989, according to LNA, with $2.9 million going to magazines and $184,400 invested in Sunday supplements. Like its sister brand, *haute* lifestyle titles were used including *Gourmet*, *HG*, *Elle*, *Art & Antiques* and *Texas Monthly*. *Self* was also used to advertise its brand of eye make-up, according to LNA.

Clinique pioneered the idea of an interactive "computer" (actually, a simple series of sliding bars) to support its products at point of purchase. The computer asks eight basic questions, and from the customer's answers, it determines the skin type and condition as well as what shades should be worn.



The Clinique "computer" helps customers determine skin type.

Rose LaMont, cosmetics buyer for Weiss & Goldring, a three-unit department store in Alexandria, La., says the computer "exemplifies the care and service that the American consumer is looking for."

Lancome

A division of Paris-based Loreal and a big gun in Europe, Lancome is currently number three in the department-store segment, with about 15% of the market.

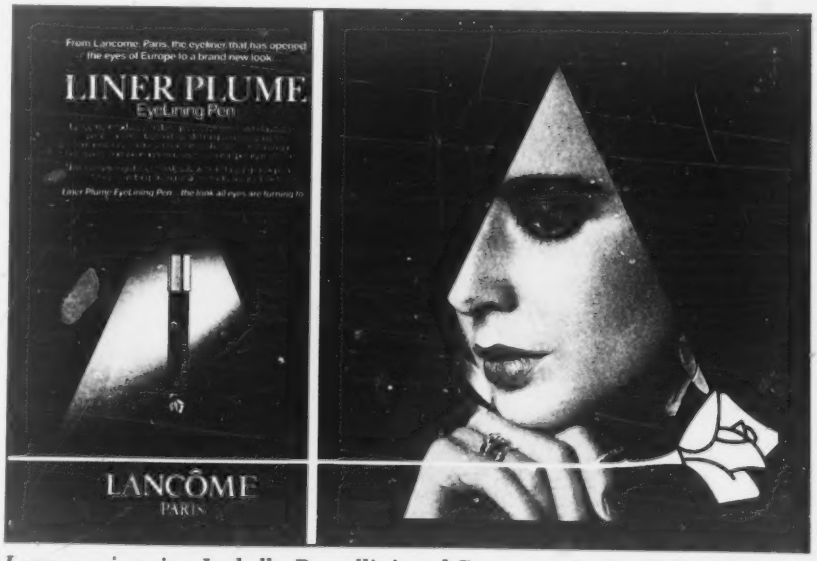
It's marketed here by Cosmair and is currently shooting at Clinique for the number-two slot. The ammo: a print campaign from Publicis emphasizing product advantages as well as the brand's European heritage. This is highlighted by naming the products in French, like its "Liner Plume" eyelining pen.

The line is targeted at fashion-forward department-store customers, according to Tony Michaels, senior vice president of marketing and advertising at Lancome. "Anybody who wants the latest in color and formula is who we're after," says Michaels. "We have an amazing cross section of people, from secretaries to the incredibly affluent."

Observers say the brand already has a strong following with younger consumers, so it's trying to capture the over 21 segment. Flagbearer is actress/model Isabella Rossellini, daughter of Ingrid Bergman and director Roberto Rossellini, who lends her heritage to the brand's European mystique.

Michaels thinks Rossellini brings a status to the brand. "And the fact that she's not 21 also helps us. Young girls love her and mature women love her. They can relate to what's on her face a lot easier than they can a 21-year-old cover model," he says.

Advertising during the period was primarily print, with $4.6 million going to magazines and $493,200 spent in Sunday magazines, according to LNA. Sample titles include *Elle*, *European Travel & Life*, *Gourmet* and *Self*. But Michaels adds that co-op dollars were also used on tv with store tie-ins. ■


From Lancome Paris, the eyeliner that has opened the eyes of Europe to a brand new look.
LINER PLUME
Eyeliner Pen
LANCÔME
PARIS

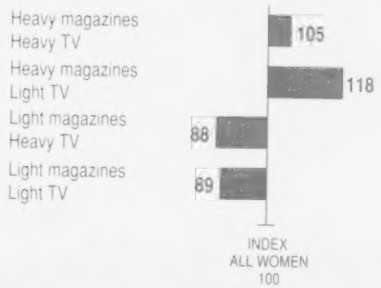
Lancome is using Isabella Rossellini and European heritage to appeal the "mature" market — over 21.

BRAND REPORT INDEX

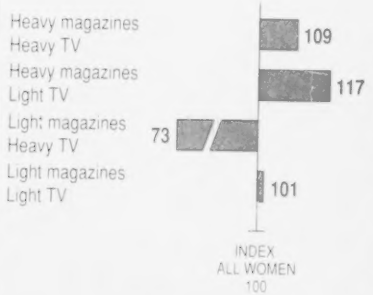
COLOR COSMETICS

How to read: Our indices of user demographics and media preferences are used to indicate the direction and amount of difference from the average. The index of the average is, by definition, 100. Thus, an index of 112 reflects a 12% above-average incidence. An index of 89 indicates an 11% below-average incidence.

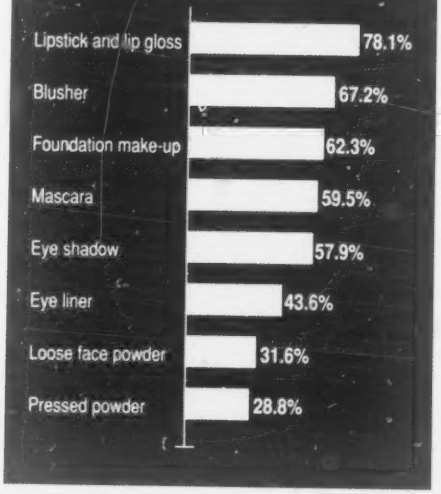
MEDIA EXPOSURE: HEAVY LIPSTICK AND LIP GLOSS USERS



MEDIA EXPOSURE: HEAVY FOUNDATION MAKE-UP USERS

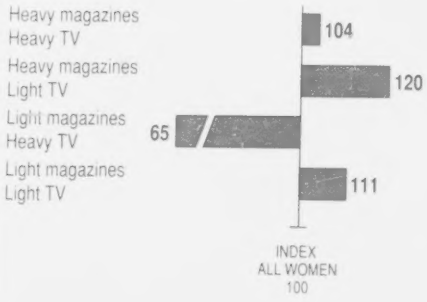


COSMETICS AND MAKE-UP USAGE % OF WOMEN USING

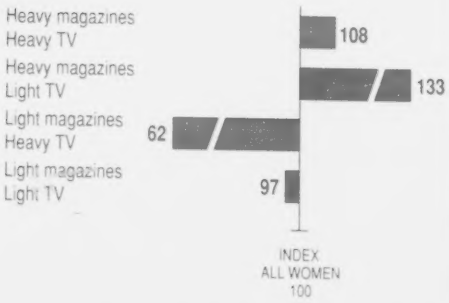


MEDIA EXPOSURE: HEAVY BLUSH USERS

MEDIA EXPOSURE: HEAVY MASCARA USERS



MEDIA EXPOSURE: HEAVY EYE SHADOW USERS



Source: Mediamark Research Inc. Spring 1989

SALES PROMOTION

by Russ Bowman

COUPONS COME OF AGE

Couponing, the promotional technique that dominated the last two decades, is entering a new phase. Its boom years are probably over, due in part to the fact that few major product categories have yet to enter the field. As a result, coupon services and publishers/mailers, like other media, are turning to added-value ideas to give their option a fresh spin. Meanwhile, retailers look for ways to make the most of all those coupons while paying the least.

The best sources differ on current coupon growth trends, but agree that it is slowing. Although all the figures are not tabulated for 1989, two of the services that keep a close track on coupons have made some early predictions. Summary Scan (a recent acquisition of the Advertising Checking Bureau) has predicted a mild 2% growth in the number of coupons distributed for 1989, but Carolina Manufacturers Service (CMS) sees a healthier 9% increase, with a somewhat more modest 5% increase predicted for 1990.

The industry has taken action to thwart misredemption in several highly publicized moves. Last year, local authorities, manufacturers' security managers, CMS, Mc3 and postal inspectors teamed up to catch foreign felons in Florida, counterfeiters in Texas and Larry Krasnick, the all-time king of the misredeemers, who attempted to rip off $44 million in coupons.

In a related effort to clean up "unintentional" improper redemptions, Food Marketing Institute (FMI), Washington, D.C., published a 24-page booklet, titled *Guidelines on Hard-to-Handle Coupons*. It is a very specific set of do's and don'ts on coupons, including a recommended size — six inches long, with tolerance to three inches, by two-and-a-half inches in width, with tolerance to two-and-one-sixteenth inches — endorsed by the Grocery Manufacturers of America.

In-ad coupons seem to be making a comeback, but to mixed reaction. To some, they are a good device for the retailer to offer brand-name savings at little or no direct cost to the chain involved. But compared to those controlled, printed and placed by manufacturers, in-ad coupons run the risk of serious errors.

CMS, one of the leading coupon redemption service companies, has developed a set of guidelines to avoid accounting and trade relation problems, resulting in a white paper that has been presented to Kelloggs, Hunt-Wesson, Kraft and several other CMS clients.

There appears to be a trend to shorter coupon expiration dates and a concurrent trend to fewer coupons with "no expiration date." Summary Scan reported in 1989 that only 5% of the coupons it monitored had no expiration date. CMS analysis of coupons nationally shows over half have expiration dates of six months or less.

The coupon media lineup is not expected to change drastically for the next year or two. Certainly FSIs will continue to account for over three-quarters of all coupons distributed. According to Ken Bortner, president of Product Movers/Quad Inserts, FSI pages for the combined insert publishers at Bortner's division of the Rupert Murdoch empire were up 10%. Newspaper ROP (both black-and-white and color) will probably remain the second most frequent place to find coupons, followed by direct mail.

Both selective/targeted direct mail and various techniques of coupon distribution at retail could make real breakthroughs in the 1990s. The Savings Spot, an interactive in-store computerized display that dispenses coupons and was introduced in Atlanta in 1989, continues expansion to North Carolina and Florida early this year and other markets in the fall. U.S. Suburban Press Inc., a network of 1,000 smaller suburban newspapers, adds markets not covered by the three national FSIs. And Citicorp P.O.S. Information Services has a long-term plan to build a data base of names and addresses that includes both demographics and purchase histories. The project is tied to the service's in-store frequent-shopper program. ■

Source: Carolina Manufacturers Service

DAVE FLAHERTY

THE MEDIA'S PACKAGE PLANS

OPEN WINDOWS

For the past few years, clients have been throwing down the gauntlet to media departments, challenging us to demonstrate more creativity in our recommendations.

No longer can planners walk down the path of least resistance and present the same plan repackaged with new planning costs and updated syndicated research numbers. A comfortable mix of day and prime network tv plus magazines will no longer do. Even cable, which added a nice "creative" touch a couple of planning seasons ago, has become a gold standard by now.

Advertisers face the ever-increasing problem of securing visibility. The proliferation of shorter units on network tv (some advertisers feel that they need 15s just so they can be on the tube) has created unprecedented clutter on the airwaves.

Magazines offer no easy solution either. It seems that every advertiser is demanding the best positions. Just how many advertisers can be far upfront, opposite a full page of edit?

With everyone trying to break out from the clutter, moving into spot tv, cable and syndication has been wise, but certainly not a panacea.

The new decade offers new solutions and "added value" has become a watchword of the industry. Good positions, product exclusivity and merchandising are among the added-value buzzwords with which we have become familiar. Now a new phrase, "multimedia buy," has appeared on the horizon, waiting to take its rightful place within media recommendations of the 1990s.

Personally, I am excited about the possibility of participating in cross-media opportunities. Not only will they enhance clients' communications programs — they will help shift marketing funds out of promotion budgets into advertising. And they will be fun to put together.

As planners we often recommend more than one medium to achieve synergy. If we can recommend more than two media to enhance reach, why not have the two work together as business partners to enhance our programs on other levels? Multimedia buys will lead to new, fresh environments for advertising messages and may even generate greater cost-efficiencies. Certainly, they will generate greater cost effectiveness, as the concept of cost-per-thousand becomes a bit less important than it always has been.

With large communications firms merging, it is only a matter of time until Time-Warner, et al, will beat a path to our doors with a myriad of multimedia ideas.

Many of the forthcoming packages will involve promotions, causing the line between advertising and promotion to blur even further. As a result, agencies will have a greater role in developing promotions and their revenues as the majority of marketing funds begin to shift back to where they should be . . . in the advertising budget.

Any planner with the slightest entreprenurial inclination will relish the thought of putting these cross-media deals together. Sure, you can wait for the Time-Warners of the world to come calling with their prepackaged programs — but why wait? As planners, we are fortunate to have contact with influential people in the media who can make things happen. Think of a multimedia idea and bounce it off of two acquaintances in different media. Introduce them to each other and watch your idea grow into a reality.

Today, I put a major woman's magazine in touch with a radio syndicator who produces drop-in programing used as filler by local stations. The magazine has a number of regular columns that could easily become 60-second programs surrounding a sponsor's commercial. What could result is more business for the media and enhanced visibility for an advertiser.

Media vehicles and advertisers are in business to make money; and if this has to be done with partners, so be it. While opportunities will abound, not all will be good and some may come with a high premium. But the astute media planner will find those with promise and nurture them.

The 1990s will find advertisers increasingly reliant on their media departments for let's-break-out-of-the-mold guidance. The media strategist who wants to enhance client visibility will have to incorporate multimedia buys.

Michael Gross is senior vice president/associate media director for J. Walter Thompson, New York.

OUR READERS TELL US . . .

Research USA, Chicago, reports that most agency respondents view multimedia packages as effective advertising vehicles, but few have actually used them. (Base = 106.)

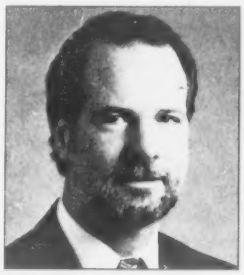
1. Media companies such as Capital Cities/ABC and MTV have been putting together multimedia package buys, offering advertisers an opportunity to buy both time on the air and space in related magazines. Do you see this as an effective way to place advertising?

Yes	84.0%
No	16.0%

2. Have you or your agency placed ads

A LIMITED VIEW

Value-added programing. Corporate-asset synergy. Marketing partnerships. Multimedia packaging. These overused buzzwords are a product of the merger and acquisition frenzy of the '80s. New media conglomerates recognized a vast pool of related publishing, broadcasting and other media and promotional resources and the search for synergy was on. The buyers' interests, however, came second.



The first multimedia packages lacked focus and direction. All too often, they were driven by the weaker asset (beneficial to the media company, but not to the advertiser) or given away as an added discount, e.g.:

- Inventory spoilage — unsold inventory usually given to Smokey Bear or used for self-promotion was bonused to advertisers.
- No charge value-added — additional incentives of cable, radio, outdoor or circulation were added to discount packages.

Both options lack a media or marketing focus. Furthermore, the use of multimedia as a loss-leader becomes just another form of price negotiation.

Fundamentally, media plans are constructed to fulfill objectives and are consistent with media and marketing strategies. In order for the media company, agency and advertiser to benefit, a multimedia package must address media/marketing considerations. The package should be efficient (in part and total), targeted, timely and add a substantial bonus to the plan. The package should be easily assimilated into agency billing systems and, importantly, maintenance should be the responsibility of the media company.

Once the media reason is established for a multimedia proposal, appropriate internal and external assets are considered. Individual components will work well in combination if their size, audience and cost are comparable. Mixing prime network spots with an advertorial in a vertical special-interest publication creates an equity imbalance. (The leverage of the prime :30s should have a favorable impact on reducing and eliminating the cost of the advertorial.) Moreover, there is no advantage to the network either.

On the other hand, cable, radio and magazines are comparable in coverage, focus and format. One medium is not in a position to have an impact on another. The total of the parts has a greater potential for effective synergy at competitive rates.

Once the media objective is satisfied by a compatible mix of targeted media, the final stage is management and maintenance. Generally the print component of the mix is the lead media. Traditionally, media planners are print buyers, not broadcast buyers. Advertisers also may become involved in the print buying process, but usually leave broadcast buying to the experts. Therefore, a relationship already exists among agency, publication and advertiser.

As guardian of our clients' money, we must be alert to the danger of paying for elements in the "package" we otherwise would not want, and paying more for the package than we would if the pieces we put together came separately from other vendors. There are a few effective pairings — Meredith and The Nashville Network and the ABC soaps and their *Episodes* magazine, as examples — but most packages still miss the mark. And due to its rigid criteria for packaging labor-intensive maintenance, only a select group of media companies and advertisers can take maximum advantage of multimedia programs.

Paul DuCharme is vice president and director of print media at Grey Advertising.

through such a package?	
Yes	18.9%
No	81.1%
3. When making such a buy, do you consider the print portion to be:	
Value-added	37.7%
An integral part of the buy	59.5%
No answer	2.8%
4. What do you see as the advantages of using multimedia packages for placing ads? (Check all that apply.)	
Cost efficiency	58.5%
Added reach	51.9%
Unified message	50.9%
Greater overall impact	70.8%
5. Where do most of your multimedia deals usually originate?	
Client	12.2%
Agency	31.3%
Media	24.5%
Not involved	35.8%
6. At the agency level, who is usually in charge of a multimedia buy?	
Broadcast buyer	17.0%
Print buyer	6.6%
Planner	68.9%
Media director	8.5%
Done as a group	6.6%
7. How do you usually post-buy a multimedia package?	
Each piece separately	38.7%
As a whole	5.7%
Not involved	54.7%
No answer	0.9%

ECONOMIC EYE

TV TRENDS

Duff & Phelps, a Chicago research and consulting firm, estimates network tv ad spending will increase 7% this year, with 6% gains for local and spot advertising. The real increases will be seen in barter and cable advertising, which the firm estimates will rise approximately 20%.

MAGAZINE AD SCORECARD

	Ad Pages Dec. 1989	% change from Dec. 1988	Dollars spent (000)	% change from Dec. 1988
1. Skin care, Creams, Lotions and Oils	144.94	-5.8	5,550.8	-12.1
2. Lip and Eye Beauty Products	42.30	14.3	1,615.4	27.1
3. Scents and Fragrances	534.92	19.8	19,886.4	40.9
4. Facial Makeup Products	33.0	-44.8	1,293.9	-45.2
5. Prepared Dinners and Entrees (including pizzas)	29.46	-28.3	2,484.6	0.7
6. Liquor	930.05	20.7	40,987.2	22.3
7. Cigarettes	525.75	-20.4	32,105.1	-10.0
8. Soaps and Detergents	21.0	200.0	1,470.6	184.2
9. Passenger Cars, Domestic	513.39	-16.7	24,837.2	-22.9
10. Passenger Cars, Imported	514.01	-12.1	24,642.7	-9.9

Source: Publishers Information Bureau as prepared by Leading National Advertisers.

MEDIA COST INDEX

(The Media Cost Index is based on unit costs, which are the end product of circulation audience and CPM adjustments. They do not represent the efficiency of a given medium, only the out-of-pocket costs.)

1985 = 100 ← 1989 →

	March	% change	Apr.	% change	May	% change	June	% change	July	% change	Aug.	% change	Sep.	% change	Oct.	% change
Network TV																
Daytime	68	–15	72	–7	67	–12	63	–14	71	–11	67	–9	76	-48	80	-28
Nighttime	125	+11	112	+13	127	+16	112	-8	125	+14	135	+14	120	+2	119	+19
Spot TV																
Prime time	125	–4	131	+5	126	+0.3	131	+5	132	+7	134	+7	117	-15	–	–
Daytime	97	–1	100	+5	101	–1	93	–0.2	107	+0.2	99	-1	94	-11	–	–
Network radio	139	+15	128	+10	131	+13	126	+8	121	+19	127	+15	127	+14	142	+8
Spot radio	118	+12	–	–	–	–	118	+17	–	–	–	–	112	+7	112	+7
Consumer magazines	122	+6	122	+6	122	+6	123	+7	123	+7	123	+8	124	+7	123	+7
Natl. Sunday magazines	129	+10	129	+10	130	+12	130	+12	130	+12	141	+10	141	+10	141	+10
Business publications	119	+2	119	+2	123	+6	123	+6	123	+6	123	+6	123	+6	123	+6
Newspapers	131	+6	132	+6	131	+6	131	+6	131	+6	131	+6	131	+6	131	+6
Outdoor	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8	132	+8

Notes: Percentage shown is relative change from the same month/period the year before.
*Revised

Sources:

Nighttime Network TV- Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV- Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio- Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per column inch of a sample of 784 newspapers weighted to represent the universe.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

Business Publications estimates based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.